

OL/04FB

30 DEC 1976

MEMORANDUM FOR: Comptroller

FROM : James H. McDonald  
Director of Logistics

VIA : DD/A, Budget Staff

SUBJECT : Expenditures from the Materiel Procurement  
Allotment

1. Your approval of recommendation contained in paragraph 4 is requested.

2. In accordance with established policy, a five percent surcharge is added to acquisition cost of materiel in determining the standard unit prices for equipment and supplies carried in the organizational supply system. The monies received as a result of this surcharge should be utilized to offset costs incurred in replacing lost or damaged items without additional charges accruing to the requisitioner, for modification and rehabilitation of materiel held in stock, and for certain materiel which must be replaced because of deterioration and/or obsolescence.

3. For several years, the above mentioned expenses were costed to unfunded "Property Requisitioning Authority" (PRA), but this practice proved to be unsatisfactory from its inception and was finally discarded at the end of fiscal year (FY) 1975. In the absence of an alternate method in FY 1976, the Office of Logistics (OL) was forced to use funds budgeted for other purposes.


4. So that OL may utilize the revenue from the surcharge with minimum impact on our automated Inventory Control System and the General Accounting System, the following actions are recommended:

a. Divert \$60,000 from the Materiel Procurement Allotment (MPA-88) to OL. Funds would be controlled under a separate Financial Analysis Number (to be established upon approval). The amount required in this account will be based on an annual review.


OL 6 4914

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b. Authorize a portion of the funds, initially \$20,000, be converted to PRA to allow for the issue of inventory items to replace missing or damaged equipment.

  
James H. McDonald

CONCURRENCE:

  
Office of Finance


12/27/76  
Date

APPROVAL:

See Compt 77-0353 dtd 8 Mar 77 (OL 7-1133)  
James H. Taylor  
Comptroller

12/27/76  
Date

Distribution:

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CONCURRENCE:


  
C/B&FB/OL

12-27-76  
Date

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